

attained. The time has really come when the workman will willingly sacrifice the pleasure of being initiated into the mysteries of Druidism and the secret signs of Odd-fellowship, to secure the more ordinary benefits which the present measure would bring within his reach.

There are other societies which are held in high estimation in many quarters, and which are constantly being recommended to the artisan, as enabling him to obtain a dwelling-house on advantageous terms, and thus conferring on him political rights,—viz., *building societies*. I am fully sensible of the great importance of the workman possessing a house, but an examination into the operations of these societies, which profess to give him one, will convince the inquirer that they are much more adapted for men who have other resources than their labour. Nothing can be more excellent than the object, but how is it carried out?

I have made myself acquainted with their working, and think they may succeed if they are respectably managed, and do not get involved in litigation. But who will benefit by their success?

By paying 10s. monthly, for twelve years, or for a shorter or longer period, according to the prosperity of the society, the member is promised 120l.; or if he wishes to obtain his share in advance, he can receive it, subject to a large discount (in the first year the minimum fixed by the rules is 65l., and is usually about 78l.), so that he will have to be content with 42l. in ready money, and bind himself to continue subscribing 10s. a-month until the termination of the society, which will take place when every unadvanced share reaches the value of 120l., which being calculated at twelve years, would amount to 72l., besides fines, fees, and other charges.* From this, it is clear who has the advantage, the borrower or depositor. Indeed, it will scarcely be credited, that people blindly borrow money of these societies at a higher rate of interest than is charged on private loans, in effecting which there is less risk and expense. Yet such is the fact, for in the first yearly report of one of these associations—the respectability of which is above suspicion—which is selected, because the directors “cordially congratulate their fellow members upon the pre-eminent success which has attended their efforts,—a success which they confidently believe will signalize it among the numerous similar societies now in operation,” we read that “the rate of discount given by the members to obtain their shares in advance has averaged 77l. 9s. 3d. (for round figures, I will say 78l.), so that each of the shares of the ultimate value of 120l. has been satisfied, by means of 42l. advanced in ready money.” Now, for this 42l. the borrower is liable for 72l. (if not more), besides the heavy charges; whereas the same amount, if otherwise borrowed, for twelve years, at 5 per cent., would make, with the interest, only 67l. 4s., showing a clear balance of 4l. 16s. in favour of the latter mode, and which would allow the use of the 42l. throughout, instead of having to refund a seventh part of it annually. To suppose that these building societies are what their name denotes, is little else than a popular error. They are in reality mere loan societies, with the difference that they advance money on real property only, and at a more extravagant rate of interest; and as loan societies, they would be shunned by the poor man, did not the bills announce that the cash has to be “sold;” and unfortunately he frequently “buys” it before he fully comprehends the nature of the transaction.

The statement of the accounts of the society already alluded to, shows a progressive advance of upwards of 17l. on each existing share (on which 6l. has been paid), towards its ultimate realization of 120l.: that is to say, the 6l. has been so lucratively employed, as to have produced upwards of 11l. in twelve months, and which is at the rate of 350l. per cent. on the gradual payment. This appears encouraging, but almost too much so. How has such an enormous profit arisen? Some one must have suffered, and I fear it has been the poor borrower, whose benefit was alone contemplated by the Legislature, when it authorized the establishment of these societies.

* When it exceeds this time, which will be the case with many of them, this amount will, of course, be more.

But if a man wise enough to be an investing member desires to realize this profit, or any fair proportion of it, he is told that it is all prospective, and that there is no interim benefit. It is not surprising that he begins to count the cost, and loses heart.

While these societies were originally projected and sanctioned by Parliament, for the good of the labouring population, they are in reality so conducted as to prove a source of profit principally to others than those intended. A great proportion of members belong to the middle classes; and in some cases public companies have subscribed for a large number of shares. The poor man who pays on one or two shares, labours under serious disadvantages. He may be thrown out of employment, or be otherwise unable to continue his payments; then fines are incurred, which begin small but wax large, and which, according to the scale, if allowed to accumulate by his remaining long in arrear, will soon exceed the amount subscribed, which then becomes forfeited.

True, it is provided that deposits may be withdrawn, but the rules usually allow only a limited number of such applications to be granted; and unfortunately so many, either from necessity or want of confidence, wish to retire, that several months frequently elapse before the payment of a claim, and then after being considerably lessened by the deduction of fines, to which he continued liable in the meanwhile. Thus the society ultimately falls into the hands of capitalists, who will reap the profits arising from the very lucrative system of advancing money, and from the forfeiture of the subscriptions of the poorer members, if it be not taken under the protection of the Court of Chancery, and then it (or rather its capital), will soon be numbered amongst the things that were.

One litigious member has all the others at his mercy. Some who have had advances have, at the expense of the “parent society,” disputed the validity of the mortgage by which they are secured; and although this has not been done successfully, yet questions have arisen calculated to fill the minds of those interested with doubt and alarm. In one case (Cutbill v. Kingdom) it was contended that the constitution of a building society, duly enrolled, &c., was illegal, on the ground that it allowed each of its members to hold several shares, but inasmuch as the objection had not been taken at the right time, it did not prevail; but the observations of the Barons of the Exchequer were such as to lead a writer in the *Law Magazine*, who is evidently friendly to, and thinking well of such associations in general, to say, “it is impossible to doubt that if the point had been taken in time the society would have been held illegal, or at least not within the protection of the Act; so that if the doctrine in those dicta be law, it may be said there is scarcely at present a single benefit building society in the kingdom legally and properly constituted, and enrolled under the Act 6 & 7 Wm. IV., c. 32.” And I find that the registrar, acting on the remarks of the judges, now refuses his certificate to any rules which do not limit the interest of a member to 150l. It is certainly prudent to constitute new societies in accordance with the interpretation put on the Act of Parliament by the three Barons of the Exchequer; but what of those previously in existence, in not one of which has there been the slightest restriction as to the number of shares?

In another case (Mosley v. Baker) the question related to the terms on which a member who had borrowed money and given a mortgage security on real estate should be allowed to redeem. The judgment of the Vice-Chancellor has been appealed against; but the appeal being not yet heard, the operations of the society must in the meanwhile be much circumscribed.

Another case is now pending, in which the society actually insists on the member paying interest on a loan after the whole amount borrowed has been refunded, and continuing to do so till the termination of the society!

It may be asked, however, seeing that friendly clubs cannot be relied on, and that building societies are not adapted to meet the poor man's want, why does he not take advantage of savings banks?

But there is a decided preference on his part to make a provision through a friendly

society, and this cannot be wondered at, as it promises him a specific sum weekly during sickness, and a certain payment at death, and there is much in the nature of these benefits to commend themselves to his notice, although in so many instances they have never been enjoyed. And it is by thus attending to his peculiar requirements that real service can be rendered him. He does not call on his master to support him in illness or old age by systematic almsgiving, but to institute means on which he can rely, by which he may himself provide for his own necessities. This is the most urgent object: a more purely charitable one may be embodied with it, but the principle is helping and encouraging the poor man to help himself, and while other branches of the lower classes have the benefit of institutions recognized by their immediate employers, shall not the worthy building artisan be directed to a proper mode for making a provision?

I can gather from your paper that the promoters of the present movement do not invoke private benevolence, always ready to be bestowed on worthy objects, but ask for the exercise of that influence which will inspire confidence, and that co-operation of the masters of the class which will insure success. Nothing further is required to put into force the plan which has been proposed by Professor Cockerell; and looking at the actual want of the measure, it is to be hoped that such assistance will not be long withheld. The honest working man has strong claims on his employers, and generally they are kindly discharged; but another duty still remains,—shall he be allowed, without a timely warning, to be robbed of his earnings, or to invest them injudiciously? His hours of toil are perhaps saddened by forebodings, that he may end his days a wandering mendicant. Animate them by the prospect of a calm, comfortable old age; let then the master builders say, “We are disposed to sanction and direct an institution holding out definite and attainable results, to be insured to our *employees* on suitable conditions, at a certain time, and in sickness or misfortune,” and that kindly intelligence, which originally suggested its establishment, will, I am sure, be ready to arrange the details of its formation.

The workman who has had bitter experience of irresponsible societies, and from his connection with them has, in a sense, to commence life again, and he who cautiously remained aloof from them, will both desire to benefit by tables soundly constructed and attested by eminent actuaries. There is a rising distrust of incredible gains, which have to flow into the pocket it is not known how, and a growing contentment with the moderate but sure products of investments in Government or other stable securities. The great object is certainty; let there be no indefinite prospects held out; the poor man cannot afford to speculate; if he loses, it is his all. And by carrying out this benevolent scheme, a way of providing for the evil day will be opened which will not compel him to frequent an ale-house, to talk politics, to foster moody thoughts of his relation to his master, and to grow morose; but it will, on the contrary, remove the temptation to intemperance and disaffection, encourage him to improve his mind, and teach him to see in his employer his support for the present, and in the stability of the institutions of his country his guarantee for the future.

L.

CITY IMPROVEMENTS.—An Act is to be applied for by the London City authorities in the ensuing session of Parliament, for making a new street (in continuation of the new street from Cannon-street to the east side of Queen-street) commencing on the west side of Queen-street, crossing Bow-lane, Bread-street, Friday-street, Little Distaff-lane, and Old Chancery, and terminating on the south side of St. Paul's Churchyard; for widening and improving the west end of Gresham-street West, formerly called Maiden-lane; for widening and improving Threadneedle-street; and for extending to this Act the provisions of the London (City) Improvement Act, 1847. It is also intended to take powers to raise money on the security of the City estates and revenues, in order to carry out these improvements, to build a new prison for the City, and to improve Billingsgate market.